

Message Text

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PAGE 01 STATE 132320

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DRAFTED BY: XMB: LMLAROCHE

APPROVED BY: EB/OCA/REP: BEBYRON

EB/IFD/ODF: RASWART

EUR/SE: BHIRSHORN (INFO)

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R 061658Z JUN 75

FM SECSTATE WASHDC

TO AMEMBASSY ANKARA

INFO AMCONSUL ISTANBUL

UNCLAS STATE 132320

E.O. 11652: N/A

TAGS: EFIN, TU

SUBJECT: EXIMBANK FINANCING FOR LASSA TIRE PLANT

1. FOLLOWING TELEX SENT 6/5/75 TO OZAL, MINISTRY OF FINANCE, WITH COPIES TO COSKUNOGULU OF LASSA, DANISMAN OF AKBANK LONDON OFFICE, CAGLAYAN OF TURKISH EMBASSY, AND HALE AND KULLGREN.

2. QUOTE: IN ACCORDANCE WITH THE OPERATING AGREEMENT OF MARCH 15, 1973 BETWEEN THE GOVERNMENT OF TURKEY AND THE EXPORT-IMPORT BANK OF THE UNITED STATES, THIS IS TO INFORM YOU THAT EXIMBANK IS PREPARED TO ISSUE ITS FORMAL COMMITMENT TO LASTIK SANAYI VE TICARET A.S. (LASSA) TO ASSIST IN THE FINANCING OF GOODS AND SERVICES REQUIRED FOR A TIRE MANUFACTURING PLANT WITH U.S. COSTS OF 55 MILLION.

EXIMBANK'S DIRECT AND INDIRECT ASSISTANCE WOULD TOTAL \$46.75 MILLION, OR 85 PERCENT OF U.S. COSTS, ON ESSENTIALLY THE FOLLOWING TERMS:

UNCLASSIFIED

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PAGE 02 STATE 132320

GUARANTOR: THE REPAYMENT OF TWO-THIRDS, OR ABOUT
\$31.15 MILLION, OF THE EXIMBANK DIRECT
AND GUARANTEED CREDITS, WOULD BE GUAR-
ANTEED BY AKBANK T.A.S. AND TURKIYE
GARANTI BANKASI JOINTLY AND SEVERALLY.
THE REPAYMENT OF ONE-THIRD, OR ABOUT \$15.6
MILLION, OF THE EXIMBANK DIRECT AND GUAR-
ANTEED CREDITS, WOULD BE GUARANTEED BY ONE
OR MORE OF ETIBANK, TURKIYE CUMHURİYETİ
ZIRAAT BANKASI, TURKIYE İS BANKASI A.S.,
OR YAPI VE KREDİ BANKASI A.S. SEVERALLY.

FINANCING: 15 PERCENT CASH PAYMENT OF \$8.25 MILLION.
45 PERCENT EXIMBANK DIRECT CREDIT OF \$24.7

5

MILLION AT 8 PERCENT INTEREST.
40 PERCENT PRIVATE EXPORT FUNDING
CORPORATION (PEFCO) CREDIT OF \$22.00
MILLION WITH EXIMBANK GUARANTEE AT 1
PERCENT FEE.

COMMITMENT EXIMBANK DIRECT CREDIT - 1/2 OF 1 PERCENT,
FEES: EXIMBANK FINANCIAL GUARANTEE - 1/8 OF
1 PERCENT, ACCRUING FROM 8-1-75.

REPAYMENT: 16 SEMIANNUAL INSTALLMENTS, BEGINNING
1-31-78. GUARANTEED FIRST, EXIMBANK LAST.

DISBURSE- PARI PASSU
MENT:

AVAILABIL- 9-30-77.
ITY DATE:

OTHER LOAN FROM NON-U.S. SOURCES OF UP TO \$15
FINANCING: MILLION REPAYABLE IN NOT LESS THAN 7
EQUAL SEMIANNUAL INSTALLMENTS BEGINNING
NOT EARLIER THAN 12-31-77.

ASSURANCE MINISTRY OF FINANCE, REPUBLIC OF TURKEY.
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PAGE 03 STATE 132320

OF EXCHANGE
AVAILABILITY:

PLEASE NOTIFY US AT YOUR EARLIEST CONVENIENCE WHETHER
FINANCE MINISTRY APPROVES ISSUANCE OF COMMITMENT. INASMUCCH
AS THIS PROJECT HAS ALREADY BEEN SUBJECT OF DISCUSSION
BETWEEN LASSA AND FINANCE MINISTRY, AND BETWEEN EXIMBANK AND
TURKISH EMBASSY, AND CONCLUSION OF FINANCIAL ARRANGEMENTS

IS CRUCIAL FOR SPEEDY EXECUTION OF PROJECT, WE TRUST THAT
MINISTRY IS IN A POSITION TO REPLY PROMPTLY. END QUOTE.

CONCUR: CLAYTON-NORRIS
WARREN W. GLICK

KISSINGER

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To: ANKARA
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